

**01173**

**1989/06/28**

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EXCISE

SECRETARY'S MORNING SUMMARY FOR JUNE 28, 1989

1. EC: SUMMIT MOVES ON MONETARY AND FOREIGN POLICY  
COMPROMISING ON AMBITIOUS EC COMMISSION PLANS FOR MOVEMENT  
TOWARDS MONETARY UNION, EC LEADERS SET NEXT JULY TO BEGIN  
EFFORTS TO LINK ALL EC CURRENCIES IN THE EUROPEAN MONETARY  
SYSTEM [EMS] AND MANDATED PREPARATORY WORK FOR A  
CONFERENCE TO DETERMINE THE SUBSEQUENT STAGES, ACCORDING  
TO PRESS REPORTS. ON CHINA, THE SUMMIT BANNED ARMS SALES,  
LIMITED CULTURAL AND SCIENTIFIC COOPERATION, AND SUSPENDED  
HIGH-LEVEL CONTACTS. IN THEIR FIRST SUMMIT STATEMENT ON  
THE MIDDLE EAST IN NINE YEARS, EC LEADERS EXPLICITLY  
CALLED FOR PLO PARTICIPATION IN THE PEACE PROCESS.

COMMENT:

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DEPARTMENT OF STATE	IS/FPC/CDR H702 Date 8/30/93
( ) RELEASE	( ) DECLASSIFY
(X) EXCISE	(X) DECLASSIFY
( ) DENY	IN PART
( ) DELETE Non-Responsive Info	
FON Exemptions	B7
PA Exemptions	

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THE CHINA SANCTIONS APPARENTLY WERE NOT CONTROVERSIAL AND  
IN PART AT LEAST ARE A RESPONSE TO STRONG PUBLIC

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SENTIMENTS IN WESTERN EUROPE. THE ARMS BAN COULD HURT CHINA'S EFFORTS TO MODERNIZE ITS MILITARY EQUIPMENT, THOUGH BEIJING WILL PROBABLY TRY TO PLAY OFF OTHER SUPPLIERS--NOTABLY ISRAEL--AGAINST THE EUROPEANS. THE MIDDLE EAST MOVE WAS THE EC'S GESTURE TO UPDATE ITS VENICE DECLARATION TO GET BACK IN THE PEACE-PROCESS GAME.

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